

## PERSONAL INCOME TAX

### **STATUTORY PROVISION**

Title 30, Delaware Code, Chapter 11.

### **COLLECTION/ADMINISTRATIVE AGENCY**

The personal income tax is administered by the Department of Finance, Division of Revenue.

### **GENERAL LIABILITY**

#### **Resident**

Every resident of Delaware must file a personal income tax return whenever such resident:

- (a) is required to file a federal tax return; or
- (b) has adjusted gross income (after modifications) that exceeds the maximum filing thresholds. The maximum filing thresholds for each filing status are listed below:

#### **(Levels Effective Beginning with the 2000 Tax Year)**

<b>AGE/STATUS</b>	<b>FILING SINGLE</b>	<b>MARRIED FILING A JOINT RETURN (1)</b>	<b>MARRIED FILING SEPARATE</b>	<b>FILING AS A DEPENDENT ON ANOTHER PERSON'S RETURN</b>
Under 60	\$9,400	\$15,450	\$9,400	\$5,250
60 to 64	\$12,200	\$17,950	\$12,200	\$5,250
65 and over OR Blind	\$14,700	\$20,450	\$14,700	\$7,750
65 and over AND Blind	\$17,200	\$22,950	\$17,200	\$10,250

- (1) This dollar amount represents a taxpayer's individual Adjusted Gross Income, NOT a total combined with anyone else.

Every resident must report all income earned during the taxable year to Delaware, regardless of the source.

#### **Non-Resident**

Every non-resident must file a tax return to report all income earned within the State. This includes only income attributable to employment or personal services performed in Delaware, or to the ownership or disposition of any interest in real or tangible personal property in Delaware (i.e., wages,

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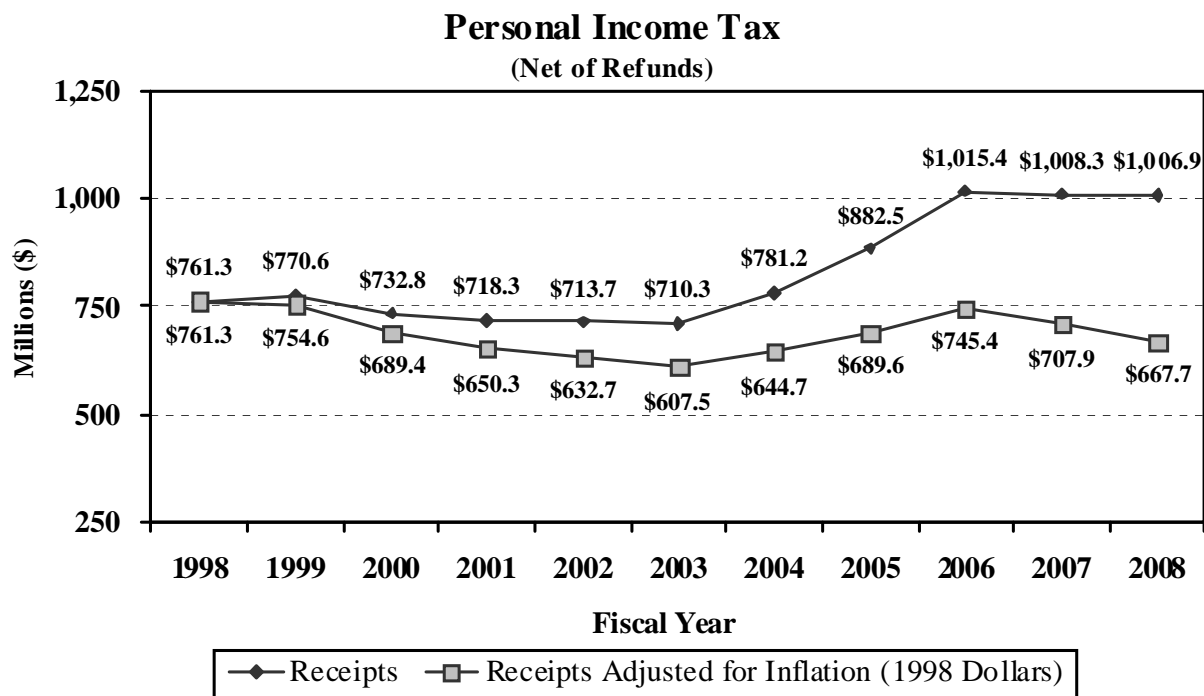
business income (or losses), capital gains (or losses), rents and royalties, partnerships, farm income and any other income or derived from a Delaware source). Interest, dividends and pensions, even if attributable to Delaware employment, are excluded.

Non-residents calculate their liabilities as if they were residents except that non-residents' final liabilities are prorated according to their ratio of Delaware source income to total income.

### Part-Year Resident

Part-year residents have the option of filing as a resident or a non-resident. By filing as a non-resident, final liability is reduced because it is prorated according to the taxpayer's ratio of Delaware source income to total income. Filing a resident return, however, allows the taxpayer to make use of certain tax credits (e.g., the child care credit) not available to non-residents. If large enough, these tax credits can produce a final liability that is lower than that which may be obtained by filing as a non-resident.

## TAX RECEIPTS



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### **TAX RATES**

The tax rate table presented below is used to determine "gross liability." In determining final liability, taxpayers first calculate gross liability based on their taxable income. From gross liability, taxpayers subtract a \$110 personal credit for themselves and each dependent claimed on the return.

**Personal Income Tax Rates  
(Effective January 1, 2000)**

<b>IF TAXABLE INCOME IS GREATER THAN:</b>	<b>BUT LESS THAN:</b>	<b>TAX LIABILITY IS CALCULATED AS:</b>	<b>PLUS:</b>	<b>ON TAXABLE INCOME OVER:</b>
\$0	\$2,000	\$0.00	0.00%	\$0
\$2,000	\$5,000	\$0.00	2.20%	\$2,000
\$5,000	\$10,000	\$66.00	3.90%	\$5,000
\$10,000	\$20,000	\$261.50	4.80%	\$10,000
\$20,000	\$25,000	\$741.50	5.20%	\$20,000
\$25,000	\$60,000	\$1,001.00	5.55%	\$25,000
\$60,000		\$2,943.50	5.95%	\$60,000

### **LEGISLATIVE HISTORY**

<u>Approved Date</u>	<u>Effective Date</u>	<u>Description of Changes</u>
5/6/71	4/1/71	Required monthly withholding deposits when taxable withholdings exceed \$200 (58 Del. Laws c 56; HB 116).
7/31/71	8/1/71	Increased marginal rates for incomes over \$20,000. Added 4 new tax brackets. Brought the top rate to 18% on taxable income greater than \$100,000 (58 Del. Laws c 300; HB 532).
7/6/73	7/6/73	Made 100% of any capital gains taxable (59 Del. Laws c 151; HB 546).
7/6/73	1/1/74	Increased all rates by 10% (59 Del. Laws c 152).
3/27/75	4/1/75	Disallowed the previous deduction for a percentage depletion of oil and gas wells (60 Del. Laws c 639).

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<u>Approved Date</u>	<u>Effective Date</u>	<u>Description of Changes</u>
3/27/75	4/1/75	Required employers who withhold more than \$100 during either of the first two months of a calendar quarter to pay the amount withheld within 15 days after the end of the month (60 Del. Laws c 17).
7/11/75	7/11/75	Created an exclusion for up to \$2,000 in pension income (60 Del. Laws c 269).
8/4/75	1/1/76	Required monthly payment of withheld taxes before the fifteenth day of the month following the end of such calendar month (was quarterly) (60 Del. Laws c 276).
7/16/76	1/1/77	Adopted the federal deduction for long-term capital gains for Delaware tax purposes (60 Del. Laws c 639).
7/12/77	7/12/77	Permitted the withholding of personal income tax from pay of military personnel (61 Del. Laws c 136).
12/30/77	12/30/77	Required the federal adjustment for lump-sum pension distributions to be added back to State adjusted gross income.
6/6/78	6/6/78	Provided that federal filing extensions no longer extend automatically to the Delaware return.
7/12/78	7/12/78	Offered a \$200 credit for the installation of certain solar energy devices (61 Del. Laws c 512).
-	1/1/79	Adopted federal rule that unemployment compensation is to be included in adjusted gross income.
6/6/79	1/1/79	Reduced personal income tax rates, with the top rate falling to 16.65% (heretofore 19.8%).
-	1/1/80	Cut personal income tax rates, bringing the top rate to 13.5% (62 Del. Laws c 56; HB 334).
2/14/80	4/1/79	Repealed the 25% penalties for individuals' late filing and employers' failure to pay withholding taxes (where withholding is required).
7/09/81	1/1/81	Amended the definition of "resident" so that an individual working in another country for a period of 18 months or longer will not be considered domiciled in Delaware if certain requirements are met. (63 Del. Laws c 122).
6/29/82	7/1/82	Increased to 5% per month (25% maximum) the penalty for failure to pay all or part of income tax liability on a timely filed return. Allowed current year unpaid liability to be offset by claims for prior-year refunds. Reduced the penalty for late filing of

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		returns to 5% per month (was 10% per month) (63 Del. Laws c 345).
2/1/83	4/1/83	Required employers which withhold more than \$5,000 in any month to file within 3 working days following the close of any of 8 monthly periods in which the tax withheld exceeds \$5,000 (64 Del. Laws c 6; HB 49).
7/6/83	7/6/83	Established a set-off of taxpayers' refunds to service delinquent indebtedness owed to State Department of Health and Social Services (64 Del. Laws c 105; SB 143).
7/13/83	7/13/83	Established a checkoff by which taxpayers can designate a portion of their tax payments to a special fund for wildlife preservation (64 Del. Laws c 151; HB 149).
-	12/31/83	Required estimated tax filing if liability is expected to exceed \$100 (64 Del. Laws c 153; HB 218)
1/26/84	1/1/84	Excluded all social security benefits from Delaware personal income tax (64 Del. Laws c 224; SB 278).
-	1/1/84	Created a deduction for mileage performed in certain charitable services in an amount equal to the difference between the state employee mileage reimbursement and the amount permitted as a federal deduction (64 Del. Laws c 410; HB 398).
7/2/84	1/1/85	Reduced tax rates by approximately 10%. Brought the marginal rate to 11% on amounts of taxable income between \$40,000 - \$50,000 and 12.2% on amounts exceeding \$50,000 (64 Del. Laws c 317 HB 500).
7/2/84	1/1/85	Increased the personal exemption from to \$800, from \$600. Increased the gross income at which a return is required to be filed to \$800 for single taxpayers (was \$600); and to \$1,600 for a married couple (was \$1,200) (64 Del. Laws c 330; SB 405).
7/2/84	1/1/85	Reduced the top rate temporarily to 10.7% on taxable amount greater than \$40,000. Required revocation of top rate reduction for Tax Year 1988 (64 Del. Laws c 317) unless total full-time employment averaged an annual increase of 6,000 jobs from 6/1/84 through 5/31/87 (64 Del. Laws c 325; HB 700).
7/17/84	7/17/84	Authorized the Director of Revenue to prescribe tax tables for taxable incomes less than \$20,000 (64 Del. Laws c 376; HB 688).
7/20/84	1/1/84	Established an income tax return check-off for an Olympics fund (64 Del. Laws c 422; HB 624).
7/20/84	1/1/84	Established an income tax return check-off for an emergency shelter fund (64 Del. Laws c 425; SB 648).

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7/20/84	1/1/85	Increased to \$75 the tax credit for duty expenses of active volunteer fire fighters (64 Del. Laws c 406; HB 20).
7/20/84	10/1/84	Established an income tax return check-off for a children's trust fund (64 Del. Laws c 431; SB 449).
7/12/85	1/1/86	Increased the personal exemption to \$1,000, from \$800, thereby raising the gross income at which a return is required to be filed likewise to \$1,000 (from \$800) and to \$2,000 (from \$1,600) for a married couple (65 Del. Laws c 147; SB 1).
9/5/85	1/1/87	Provided a credit for child and dependent care equal to 25% of the corresponding federal credit (65 Del. Laws c 202; SB 18).
9/5/85	1/1/87	Increased to \$3,000 the pension exclusion for taxpayers 60 years and older (was \$2,000) (65 Del. Laws c 203; SB 29).
9/5/85	1/1/86	Reduced marginal rates by approximately 9%, bringing the top rate down to 9.7% for taxable incomes in excess of \$40,000 (65 Del. Laws c 204; HB 337).
-	1/1/87	Cut marginal rates by approximately 9%, reducing the top rate to 8.8%, from 9.7% (65 Del. Laws c 394; HB 765).
-	1/1/87	Extended the \$75 firefighters' credit to members of volunteer ambulance or rescue services for purchase of clothing, etc. (65 Del. Laws c 397; SB 199).
-	1/1/87	Eliminated the limitation on deductibility of charitable contributions (previously capped at 20% of adjusted gross income) (65 Del. Laws c 403; SB 459).
-	1/1/87	Allowed deduction of up to ½ the cost of health insurance for self-employed persons (65 Del. Laws c 461; SB 578).
-	1/1/87	Extended the \$75 firefighters' credit to Fire Company Auxiliary members for purchases of clothing, etc. (65 Del. Laws c 518; SB 378).
-	1/1/87	Created an additional standard deduction of \$1,000 for persons who are blind or age 65 or over. Offered a one-time, 12% boost in itemized deductions for Tax Year 1987.
-	1/1/88	Increased the personal exemption to \$1,250, from \$1,000; and the standard deduction to \$1,300 single, \$1,600 married filing jointly, and \$800 married filing separately. Repealed deduction for federal taxes paid. Instituted a new rate schedule with a \$2,000 zero bracket, a total of eight brackets, and a top rate of 7.7% (66 Del. Laws c 86, 93 and 95; SB 292 and 296 and HB 370).
7/8/87	7/8/87	Allowed set-off of taxpayers' tax refunds for debts they owe to the Department of

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		Labor (66 Del. Laws c 118; SB 203).
7/8/87	7/8/87	Established administrative procedures regarding withholding taxes, and reduced the time for filing a protest to 30 days, from 90 days (66 Del. Laws c 122; SB 205).
7/10/87	1/1/88	Repealed the \$200 solar energy credit (66 Del. Laws c 129; HB 265).
7/10/87	7/10/87	Created a penalty for late filing of a zero balance or balance due return; equal to the amount of refund due on the return, or \$35, whichever is less (66 Del. Laws c 130; HB 266).
2/3/88	2/3/88	Exempted from tax the income of members of the military who die from injuries incurred outside the United States in a terroristic or military action (66 Del. Laws c 215; HB 164).
6/15/88	6/15/88	Clarified the exemption of REMIC's from personal income tax, corporation income tax and license/gross receipts tax (66 Del. Laws c 267; HB 465).
7/13/88	1/1/89	Offered an additional personal exemption for persons age 60 years or over (66 Del. Laws c 362; SB 494).
7/14/88	1/1/89	Allowed the use of joint filing status rules for couples filing separate Delaware returns when computing special rental real estate loss allowances (66 Del. Laws c 377; SB 493).
7/15/88	1/1/89	Increased the child care credit to 50% of the taxpayer's federal credit (was 25%) (66 Del. Laws c 411; SB 495)
6/27/89	6/27/89	Extended confidentiality provisions to all tax returns (67 Del. Laws c 40; SB 55).
7/2/90	7/1/90	Limited net operating loss carrybacks to \$30,000 per year for each of previous three years (67 Del. Laws c 263; HB 730).
7/18/90	1/1/90	Exempted income from certain federal sources even if they are received in the form of distributions from mutual funds (67 Del. Laws c 399; HB 578).
7/18/90	1/1/90	Required trusts with assets equal to, or greater than, \$1,000,000, to pay estimated taxes (67 Del. Laws c 399; HB 578).
2/6/90	2/6/90	Excluded from Delaware AGI any employer-provided commuter benefits qualifying under the State's traffic mitigation program, to the extent such benefits are included in a taxpayer's federal AGI (67 Del. Laws c 160; HB 32).
7/18/90	1/1/91	Authorized the Division of Revenue to issue tax tables up to \$40,000 in taxable

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		income (previously \$20,000) (67 Del. Laws c 407; SB 381).
7/18/90	1/1/91	Included in taxable income any income received from mutual funds, to the extent such proceeds are attributable to interest from non-Delaware state and local bonds or obligations (67 Del. Laws c 399; HB 578).
4/9/91	4/9/91	Permitted the suspension of tax obligations for armed services or support personnel serving in a combat zone (68 Del. Laws c 22; HB 121).
6/20/91	1/1/92	Amended the taxation of non-residents by calculating liability as if they were residents, but pro-rating such liability according to the Delaware share of their total income (68 Del. Laws c 82; HB 349).
8/1/91	1/1/92	Repealed procedural provisions in light of enactment of Chapter 5 of Title 30 (68 Del. Laws c 187; HB 281).
7/21/92	1/1/92	Required taxation of non-resident, S Corporation shareholders according to their individual share of any S Corporation income derived from Delaware sources (68 Del. Laws c 423; HB 573).
2/6/92	1/1/92	Permitted any taxpayer who is not subject to the corporate income tax to be eligible for tax credits for new employees, qualified investments, and recycling activities. Established that resident shareholders in eligible S Corporations are entitled to a proportionate share of the credits listed above (68 Del. Laws c 202; HB 415).
2/6/92	1/1/92	Provided a 15% credit for taxpayers who invest in "qualified" Delaware businesses (subject to certification by the Delaware Economic Development Office) (68 Del. Laws c 203; HB 416).
7/22/92	10/1/92	Classified a domestic or foreign limited liability company as a partnership, unless the company is classified otherwise for federal income tax purposes (68 Del. Laws c 434; HB 608).
2/4/94	2/4/94	Exempted investment companies registered under the Investment Company Act of 1940, and real estate investment trusts, from the corporate income tax (69 Del. Laws c 188; HB 244).
2/4/94	2/4/94	Clarified various provisions with respect to intangible assets treated as investments for federal tax purposes; identified these intangibles as tax liabilities at the State level as well (69 Del. Laws c 188; HB 244).
7/12/94	7/12/94	Amended various administration, classification, and enforcement provisions of Title 30 (69 Del. Laws c 369; SB 159).



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<u>Approved Date</u>	<u>Effective Date</u>	<u>Description of Changes</u>
7/1/95	1/1/95	Removed the penalty for failure to timely file personal income tax returns on which a refund is due (70 Del. Laws c 117; HB 377).
7/1/95	1/1/96	Reduced personal income tax rates as follows: 6.35% for taxable income between \$20,000 and \$25,000; 6.65% for taxable income between \$25,000 and \$30,000; and 7.1% for taxable income above \$30,000. Eliminated the tax bracket for taxable income between \$30,000 and \$40,000 (70 Del. Laws c 117; HB 377).
7/1/95	1/1/96	Replaced the personal exemption with a non-refundable \$100 personal credit, increasing the gross income threshold above which taxpayers must file a return (70 Del. Laws c 116; SB 267).
2/1/96	1/1/96	Allowed non-residents to claim personal credits proportional to their Delaware source income (70 Del. Laws c 297; SB 271).
6/19/96	1/1/96	Established new withholding tax filing requirements whereby an employer's filing frequency is determined according to amounts withheld during a "lookback" period. Required that employers subject to federal electronic filing requirements for withholding taxes must also file Delaware withholding taxes electronically (70 Del. c 371; SB 281).
7/8/96	1/1/97	Reduced the top (taxable income over \$30,000) marginal tax rate to 6.9%, from 7.1%. Reduced all marginal tax rates on taxable income above \$2,000 and less than \$30,000. Maintained zero bracket on taxable income under \$2,000 (70 Del. Laws c 454 and c 455; SB 482 and HB 713).
7/11/96	1/1/96	Established an exemption from tax for early distributions from qualified retirement funds or cash deferred compensation plans, provided the distribution is used to pay for books, tuition, or fees at an institution of higher education (70 Del. Laws c 495; HB 715).
7/11/96	1/1/96	Increased to 100% (by virtue of piggy-backing on federal itemized adjustments) the extent to which self-employed individuals may deduct the cost of health care insurance premiums (70 Del. Laws c 486; SB 335).
7/9/96	7/9/96	Established a breast cancer donation "checkoff" on personal income tax returns (70 Del. Laws c 472; SB 405).
4/7/97	12/31/96	Permitted the Division of Revenue to require rounding to the nearest dollar on tax returns or portions of tax returns (71 Del. Laws c 14; SB 33).
7/23/97	12/31/97	Added real estate investment trusts (REITs) to the list of entities specifically exempted from personal income tax (71 Del. Laws c 217; HB 257).

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<u>Approved Date</u>	<u>Effective Date</u>	<u>Description of Changes</u>
7/1/97	1/1/97	Broadens the scope of the \$3,000 "pension" exclusion available to individuals age 60 or over by including "eligible retirement income" among those sources of income which qualify for the exclusion. Eligible retirement income includes dividends, interest, and rental income and many retirement plans approved under the Internal Revenue Code, such as IRA's and Keogh plans (71 Del. Laws c 131; SB 219).
7/3/97	7/3/97	Ensured that the period of time for collection and assessment of taxes outside bankruptcy will not expire during the period of assessment, and collection is stayed pursuant to an order of the United States Bankruptcy Court under Title 11 of the United States code. Allowed an additional 60 days after the lifting of the stay to make an assessment and 6 months to commence collection proceedings (71 Del. Laws c 144, SB 201).
7/16/97	7/16/97	Exempted income earned by trusts which are recognized as "designated" or "qualified" settlement funds under section 468B of the Internal Revenue Code (71 Del. Laws c 189; HB 143).
6/25/98	1/1/99	Imposed a penalty of 5% of withholding taxes owed or \$500, whichever is the lesser, on employers required by Delaware Law to pay withholding taxes by electronic funds transfer but fail to do so. Eliminated the requirement on non-Delaware partnerships to file a copy of federal schedule K-1 for partners who are residents of Delaware; this provision is effective 1/1/98 (71 Del. Laws c 314; HB 605).
7/1/98	1/1/99	Reduced personal income tax rates as follows: 2.6% for taxable income between \$2,000 and \$5,000; 4.3% for taxable income between \$5,000 and \$10,000; 5.2% for taxable income between \$10,000 and \$20,000; 5.6% for taxable income between \$20,000 and \$25,000. Increased the standard deduction by 150% for individuals, married couples, blind persons and persons over 65 years of age (71 Del. Laws c 347; SB 434).
7/1/98	1/1/99	Reduced marginal tax rates as follows: from 6.45% to 5.95% on taxable income between \$25,000 and \$30,000; from 6.90% to 5.95% on taxable income between \$30,000 and \$60,000; and from 6.9% to 6.4% on taxable income over \$60,000 (71 Del. Laws c 350; HB 769).
7/1/98	1/1/99	Increased from \$3,000 to \$5,000 the exclusion from taxable income for pension and "eligible retirement income" for persons age 60 or over (71 Del. Laws c 352; HB 770).
7/1/99	1/1/00	Exempted charitable trusts from tax on their income to the same extent as corporations (72 Del. Laws c 111; SB 147).
8/4/99	1/1/00	Reduced marginal tax rates by 0.4 percentage points for all brackets other than the top bracket (72 Del. Laws c 248; SB 243).

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8/4/99	1/1/00	Increased the personal credit from \$100 to \$110 and updated filing thresholds (72 Del. Laws c 247; SB 244).
8/4/99	1/1/00	Increased standard deduction amounts to \$3,250 for married taxpayers filing separate returns and to \$6,500 for those filing jointly (72 Del. Laws c 241; HB 411).
8/4/99	1/1/00	Reduced from 6.4% to 5.95% the top tax rate paid on taxable income in excess of \$60,000 (72 Del. Laws c 242; HB 414).
8/4/99	1/1/00	Increased from \$5,000 to \$12,500 the aggregate amount of income received as dividends, interest, rents, employer provided pensions, and qualified retirement plans (e.g., IRA's & 401(k) plans) that individuals age 60 and over may exclude from taxable income (72 Del. Laws c 246; SB 245).
8/4/99	1/1/00	Included capital gains within the definition of "eligible retirement income" for which an exclusion from taxable income may be taken by individuals aged 60 or over (72 Del. Laws c 243; HB 412).
8/4/99	1/1/99	Increased from \$150 to \$300 the amount of the credit available to volunteer fire company and auxiliary members for expenses incurred for the purchase of clothing, equipment, motor fuel and other essential items (72 Del. Laws c 244; HS 1 to HB 64).
8/5/99	1/1/00	Established the Land and Historic Resource Tax Credit for gifts of land to public agencies and qualified private non-profit charitable organizations. The amount of the credit is equal to the lesser of 40% of the appraised fair market value of the gift or \$50,000. No more than \$1 million in credits may be awarded per year. The program will sunset on December 31, 2020 (72 Del. Laws c 254; HB 413).
6/20/00	6/20/00	Created a new check-off on personal income tax returns for Delaware Diabetes Education Fund (72 Del. Laws c 330; HB 514 w/ HA1, HA3, HA5).
7/18/00	1/1/01	Raised from \$100 to \$400 the amount of money which people can owe the state without being subject to a penalty for insufficient pre-payment of estimated taxes (72 Del. Laws c 445; SB 354).
7/18/00	1/1/00	Extended the "Blue Collar Jobs" credit program for an additional 5-year period (72 Del. Laws c 442; SB 304).

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7/18/00	1/1/00	Reorganized Delaware tax statutes covering pass-through entities by consolidating existing code and codifying and administrative interpretations into a single chapter (72 Del. Laws c 467; HB 651).
2/1/01	1/1/01	Established Historic Preservation Credit, which provides a 20% credit for qualified rehabilitation expenditures on properties that qualify for the federal credit, and 30% for those properties that do not qualify for the federal credit. These amounts are increased to 30% and 40% for certain low-income housing projects. Credits granted may not exceed \$3 million in any one fiscal year (73 Del Laws c 06, HB1 as amended by SA1).
7/9/01	7/9/01	Clarified and provided procedures relating to the filing of returns by digital or other electronic means (73 Del. Laws c 131; SB 182).
7/9/01	7/9/01	Established that contributions to the Delaware College Investment Plan are not exempt from execution or attachment processes in the case of taxes owed to the State of Delaware under §554 of Title 30 (73 Del. Laws c 169; HB 107).
7/12/01	7/12/01	Streamlined the placement of check-off statutes within the Code and removed requirements that check-offs must be placed on the front of the personal income tax return (73 Del. Laws c 179; HB 257).
8/22/02	8/22/02	Established an income tax return check off for the Veterans' Home Fund. (73 Del. Laws c 433; HB 500).
7/12/04	1/1/04	Increased the tax credit for volunteer firefighters and ambulance or rescue service members or auxiliary members from \$300 to \$400. (74 Del. Laws c 338; HB 356).
8/23/04	8/23/04	Added the Delaware National Guard and Reserve Emergency Assistance Fund check off to the Delaware Personal Income Tax Form. (74 Del. Laws c 422; SB 299)
6/30/05	1/1/04	Eliminated the requirement that active members of Delaware fire, rescues, ambulance companies, and their auxiliaries provide proof of expenditures in the performance of their service prior to taking a \$400 personal income tax credit (75 Del. Laws c 79; HB 163).
7/12/05	7/12/05	Added a Delaware Juvenile Diabetes Fund check off to the Delaware Personal Income Tax Form (75 Del. Laws c 151; HB 220).
7/12/05	7/12/05	Increased the annual allocation for Historic Preservation Credits from \$3 million to \$5 million (75 Del. Laws c 152; HB 228).

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8/22/05	1/1/06	Established a non-refundable Delaware Earned Income Tax Credit (EITC) equal to 20% of the Federal EITC (75 Del. Laws c 152; SB 230).
6/29/06	1/1/08	Established a \$50 tax credit for any veterinarian who performs spay/neuter and rabies inoculations in a public shelter. The total number of tax credits available statewide shall not exceed 5,000 or \$250,000 per calendar year (75 Del. Laws c. 326; HB 425).
7/1/06	7/1/06	Extended “Blue Collar” provisions, for one month, through January 31, 2007 (75 Del. Laws c352; SB 400).
7/10/06	7/10/06	Required the Division of Revenue to publish, on its website, the top 100 delinquent taxpayers owing (i) personal income tax and (ii) business tax liabilities under Title 30 of the Delaware Code. Overdue liabilities subject to posting are limited to those taxes administered by the Department of Finance (75 Del. Laws c 406; HS 1 for HB 118).
7/10/06	1/1/07	Decreased the rate of interest assessed on overdue tax liabilities and paid on outstanding tax refunds from 1% to 0.5% and increased the penalties assessed on overdue liabilities from 0.5% to 1% (75 Del. Laws c 411; HB 397).
7/24/07	7/24/07	Transferred the administration of the Neighborhood Assistance Tax Credit program to the Delaware Housing Authority and expanded eligibility requirements to all entities paying personal and corporate income tax (76 Del. Laws c172; SB 169).
7/1/08	1/1/09	Eliminated the veterinarian services tax credit originally established under 75 Del. Laws c 326 (76 Del. Laws c 284; HB 515).

### **FILING PROCEDURES**

In general, for calendar year taxpayers, the Delaware personal income tax return is due on or before April 30 following the close of the tax year. For fiscal year taxpayers, the return is due on the last day of the fourth month following the close of the tax year. Employers are required to withhold and remit income tax from salary and wages. Individuals must pay estimated taxes quarterly if withholding from salary and wages is insufficient to meet the total estimated tax liability for the year.

### **PENALTIES AND INTEREST**

The civil penalty for failure to file a return is 5% per month or fraction of a month, up to 50% of the unpaid tax liability. If a deficiency is due to negligence, a penalty equal to 10% of the underpayment amount may be incurred. The civil penalty for fraud is 100% of the total tax due. A penalty of 1/2% per month is applied for failure to pay the tax liability shown to be due on a timely

## **PERSONAL INCOME TAX**

filed return. (For tax periods beginning on or after January 1, 2007, the failure-to-pay penalty rate shall be increased from 1/2% to 1% per month.) Interest is computed at 1% per month from the due date of the original return to date the balance is paid in full. (For tax periods beginning on or after January 1, 2007 the rate of interest assessed shall be reduced from 1% to 1/2% per month.) Employers that are required, but fail, to deposit their withholding taxes by electronic funds transfer are penalized the lesser of 5% of the amount that should have been transferred or \$500.